

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEALS OF VINTAGE) APPEAL NOS. 07-A-2094 AND
HOMES, LLC from the decisions of the Board of) 07-A-2095
Equalization of Blaine County for tax year 2007.) FINAL DECISION
) AND ORDER

VACANT LAND APPEALS

THESE MATTERS came on for hearing October 16, 2007 in Hailey, Idaho before Board Member David E. Kinghorn. Board Members Lyle R. Cobbs participated in this decision. Owner Kingsley Murphy and Realtor Annie Kaiser appeared at hearing for Appellant. Assessor Valdi Pace and Appraiser Mickey Dalin appeared for Respondent Blaine County. These appeals are taken from two (2) decisions of the Blaine County Board of Equalization (BOE) modifying the protests of the valuations for taxing purposes of properties described as Parcel Nos. RPH0000098002A and RPH0000098001B.

The issues on appeal are the market values of two (2) vacant residential parcels.

The decisions of the Blaine County Board of Equalization are reversed.

FINDINGS OF FACT

Parcel No. RPH0000098002A

The assessed land value is \$305,000. At hearing, Appellant requested the value be reduced to \$273,970.

Parcel No. RPH0000098001B

The assessed land value is \$305,000. At hearing, Appellant requested the value be reduced to \$273,970.

The subject properties are adjacent .19 acre residential lots located in Hailey. Originally, the parcels were assessed at \$332,080 each, however, were reduced at BOE to \$305,000. Because the lots are identical in size and the parties did not distinguish the parcels in terms of

the evidence presented, we will consider the properties together for the purposes of this decision.

Appellant purchased subjects in March 2005 for \$269,500 each. Sometime thereafter, the City of Hailey changed the zoning in subjects' area. Originally, the parcels were part of the Townsite Overlay District, however after the zoning change, were moved outside the district. The zoning change had the following effects on subjects; front yard setbacks were moved from 12 feet to 25 feet, back yard setbacks went from 6 feet to 10 feet, accessory dwellings were no longer allowed. Also, front porches, stoops and decks without walls were considered part of the liveable square footage after the change. Further noted was the fact that subjects were non-conforming lots. Appellant argued these tighter development restrictions significantly impacted the construction options which negatively effected subjects' values.

Appellant presented six (6) bare lot sales in subjects' area to support the proposed value reductions. With the exception of one, all the sale properties involved lots located in subdivisions. The lots sold between 2004 and 2006 for prices between \$20.82 and \$40.32 per square foot. The remaining sale involved a townsite lot with approximately 2,000 less square feet than subjects that sold in August 2005 for \$40.32 per square foot. Respondent contended it was not proper to compare subjects to subdivision lots. Appellant acknowledged subjects are not bound by the Covenants, Conditions and Restrictions (CC&Rs) typically associated with subdivisions, however noted subjects were zoned the same as the subdivision lot sales.

Respondent acknowledged subjects' zoning had changed, however, contended the change had little or no effect on value. Respondent argued subjects were still considered townsite lots because they were not part of a subdivision. Also mentioned was subjects' neighbors were assessed similarly. Appellant maintained subjects were not recognized as

townsite lots by the City of Hailey and questioned why the County still considered and valued the properties as townsite lots.

Respondent presented five (5) townsite lot sales to support subject's assessed value. The properties sold in 2005 and 2006 for prices between \$41 and \$58 per square foot. The lots ranged between 4,500 and 6,200 square feet.

Appellant contended comparing subjects to townsite lots was improper because of the different zoning. Townsite lots were considered by Appellant to have superior amenities, such as more trees, sidewalks, and less traffic. Further noted was the large power lines running down subjects' street. Appellant furnished pictures depicting these features.

Respondent also noted a residence was built on one of the subject lots and placed on the market during 2007 for \$649,000. This indicated to Respondent that the zoning change has had little effect on asking prices. Appellant mentioned even if the property sold for the listing price, a loss would be realized on the property because the cost to build the residence was roughly \$500,000, which when combined with the land value, exceeded the listing price.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of taxation, Idaho requires property be assessed at market value as defined in Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an

informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Respondent referenced the fact that one of the subject lots has been improved with a residence and is currently on the market for \$649,000. Listings are not considered reliable market value evidence. Further, the listing price included both the land and improvements and we are only concerned in these appeals with subjects' land values.

Respondent presented five (5) bare lot sales of parcels located in the Townsite Overlay District. The properties sold in 2005 and 2006 and involved lots between 4,500 and 6,200 square feet. The prices ranged from \$255,000 to \$310,000. Subjects are 8,302 square feet and assessed at \$305,000, each.

The \$255,000 sale was also presented by Appellant, however, at a different price. The Multiple Listing Service (MLS) data provided by Appellant reported the sale at a price of \$250,000. Respondent added 6% to this price to arrive at the \$255,000 figure. According to Respondent, there were questions concerning the commission involved in the sale, so the 6% was added "to make it fair with what the market is doing." It is unclear exactly what was meant by this statement, however, arbitrarily adding 6% to the sale price is questionable. In any event, any consideration given to this sale will be at the \$250,000 sale price reported in the MLS data sheet.

Appellant argued Respondent's sales were not representative of subjects' values because they involved lots located in the Townsite Overlay District. Specifically noted were the more restrictive setback requirements and the inability to build an accessory dwelling on lots located outside the district.

Appellant provided six (6) lot sales in subjects' area. Except for the \$250,000 sale

mentioned above, the sales involved parcels located in subdivisions. One of the sales occurred in 2004, which is too dated to be considered in determining subjects' 2007 values. The remaining sales occurred during 2005 and 2006 for prices between \$250,000 and \$275,000. The lots ranged in size from .14 to .29 acres. Subjects are .19 acres each. Respondent argued subdivision parcels cannot be compared to subjects because of the CC&Rs typically associated with subdivision lots. Appellant contended subjects are zoned the same as the subdivision lots so are more similar to subdivision parcels than those located inside the Townsite Overlay District.

Respondent contended the zoning change had little or no effect on lot values. Respondent's townsite sales, however, indicate differently. Sales #1 through #4 sold between \$50 and \$58 per square foot, whereas subject was only assessed at \$37 per square foot. It is unclear how Respondent arrived at subjects' values using these sales. Appellant's subdivision sales, with sale prices between \$21 and \$40 per square foot, further illustrate the difference between townsite lots and non-townsite lots.

While the Board does not believe townsite parcels are representative of subjects' values, we are similarly not convinced subdivision lots accurately reflect subjects' values. In other words, there are questions concerning the comparability of both parties' sales to the subject parcels.

The parties, however, did agree on the similarity of one lot compared to subjects. This was the .14 acre townsite lot that sold for \$250,000 (according to the MLS data sheet). At .19 acres, subjects are larger, so should be valued higher, but not at \$305,000 as assessed. Appellant's value claim is \$273,970, which is between these two numbers. We believe this is a reasonable value that takes into account subjects' larger size, as well as the zoning restrictions affecting subjects. The decisions of the Blaine County Board of Equalization are therefore

reversed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Blaine County Board of Equalization concerning the subject parcels be, and the same hereby are, reversed, to reflect decreased values of \$273,970 for each subject lot.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED APRIL 30, 2008